

Torrance, California
February 9, 1931.

MINUTES OF A SPECIAL MEETING
OF THE CITY COUNCIL OF THE
CITY OF TORRANCE.

A special meeting of the City Council of the City of Torrance, called for the purpose of considering calling an election to join the Metropolitan Water District of Southern California, was held in the Council Chambers at Torrance, California, February 9th., 1931, and was called to order at 7:45 P. M. by Mayor Dennis, who stated that all Councilmen had been served with written notice of the meeting and had acknowledged receipt of such notice more than three hours prior to the time set for the meeting.

The following Trustees were present: Trustees: Bell, Nelson, Smith, Steiner and Dennis.

Absent: Trustees: None.

Trustee Nelson introduced Colonel J. W. Sutphen to the Council as a representative of the bond owners of the Torrance Water, Light & Power Company.

Colonel Sutphen presented his credentials in which he was authorized to enter into negotiations with the City of Torrance with reference to the citys taking over the water system. Mr. Sutphen stated that he was authorized to make an offer of \$142,500.00 for the entire property of the Water Company in Torrance, and that he would take this amount in bonds at $4\frac{1}{2}\%$, making the statement that bonds were selling at the present time at $5\frac{1}{4}$ to $5\frac{1}{2}\%$.

Trustee Steiner asked as to the amount of bonds against the water system? Mr. Sutphen replied that this was but one of many water companies whose stock was held by the holding company.

Discussion as to bond market and the price of bonds followed. Mayor Dennis asked for a direct statement as to the amount of bonds the City was supposed to deliver in payment for the entire Torrance system? Mr. Sutphen stated that his representative would buy the entire issue at $4\frac{1}{2}\%$ and that \$142,500.00 of these bonds would be accepted in the payment of the entire Torrance Water, Light & Power Company.

Trustee Nelson asked if the people Mr. Sutphen represented would assume any question of legality of these bonds? Mr. Sutphen replied that if the bonds were regarded as legal they would take them.

Conversation between Trustee Nelson and Mr. Sutphen brought out the point that the City was not in the market to buy unless the present water system would stand inspection and approval by the City.

Mayor Dennis stated that the people voted \$400,000.00 to get a new plant, and that he did not believe the people of Torrance will consider buying an old plant; that he believed the figures and the estimate made by the City Engineer to be fair and that he did not see the offer was worthy of the consideration of the Council.

Trustee Steiner stated that he believed the people were willing to pay actual value for that portion of the plant that could be used in conjunction with the part that is to be constructed. Trustee Steiner stated also that since the Water Company had made a tentative offer he believed the City should do likewise and that he was in favor of making the Water Company an offer of \$92,000.00 worth of bonds.

Trustee Nelson inquired if this meeting was for the expression of different views or whether it was to settle the question. The Mayor stated that he did not consider \$142,500.00 as an offer that would interest him. Trustee Steiner concurred in this opinion.

After much discussion Trustee Nelson stated that the difference of 1% in the interest rate on the entire issue of \$400,000.00 bonds would amount to \$88,000. during the life of bonds; this amount plus attorneys' fees of \$7,500. together with \$5000. deduction for material on hand by water company, would be a grand total of \$100,500.00.

Deducting \$100,500.00 from price of \$150,000.00 would leave a balance of \$49,500.00 the net cost of the entire water plant to the city.

Mr. Sutphen stated that as many offers that the City of Torrance might wish to submit would be considered.

Mayor Dennis stated that he was willing to pay in cash or bonds \$92,500.00 but he was not willing to pay the amount for the system asked by the Water Company as it would not leave sufficient money to build what is needed.

Mr. Rufus Page in the audience stated that the bond issue was voted by a very great majority; that if the Water Company was not willing to settle on the figure that was set by the City Engineer and City Council there should be some way to require them to pay the bill on the amount that the consumers lose through delay on the Water Company's action; that in his opinion, the people of Torrance were perfectly willing to abide by the ruling of the City Council.

Trustee Bell stated that the people were not satisfied with the water they have been getting the last few years, that he was opposed to paying the price set by the Water Company and believed it the proper thing to go ahead with the filing of the papers in the legal action, that he believed no harm could be done by proceeding with the suit as it could be called off later as well as the present time.

Trustee Steiner again stated that if any of the old system was taken it should be only that portion which can be utilized and made a part of the new system.

Trustee Smith stated that he had listened to the discussion with much interest and thought \$92,500.00 was a good price for the Water Company holdings; that he believed the people would see the proposal of the Council as made to the Water Company. "I believe the Water Company must have an opportunity to consider this offer and that a limited time be allowed to determine whether to accept the offer or not." Trustee Smith asked how soon a reply could be received from Chicago? Mr. Sutphen stated that about (2) weeks would be required. Trustee Smith stated that he believed the Council would be perfectly justified in giving two weeks as suggested.

Trustee Smith moved that an offer of \$92,500.00 be made to the Water Company in proper form stipulating the governing conditions, in payment for the entire property of the Torrance Water, Light & Power Company.

Trustee Bell seconded the motion, which was duly carried by the following roll call vote:

AYES:	TRUSTEES:	Bell, Nelson, Smith, Steiner and Dennis.
NOES:	"	None.
ABSENT:	"	None.

At this time Mayor Dennis asked whether a special election should be called for the purpose of deciding whether the City of Torrance shall join the Metropolitan Water District of Southern California?

Engineer Leonard explained to the Council that unless this election was called before the first of March, 1931, the City would again have to make application to enter the District, and that this application would be acted upon as was necessary in the first instance; that if the City decides to go into the District now it would mean the payment of part of the expense which the City would have incurred had they join one of the original member cities. The Engineer stated that he understood that work was about to start, that bonds will soon be sold and that the expense necessary to carry on the expense of construction in the future would be provided through the sale of these bonds.

Mr. Spurlin from the audience stated that he understood Torrance part would be $2\frac{1}{4}$ to $2\frac{1}{2}$ million dollars, which he believed was a pretty heavy assessment.

Engineer Leonard stated that the rate would probably be 80 or 90¢ per 1000 cubic feet delivered to the City boundaries and it was his understanding that this price would include the payment of interest and cost of the plant itself.

Mr. Spurlin replied that the price seemed rather high to pay for water.

Trustee Smith asked Engineer Leonard how much the cost to the consumer would be, to which reply was made by the Engineer that \$1.50 was sufficient to cover overhead, interest and retirement of bonds; that in his opinion it was not so much the cost as the possibility of having an ample supply available.

Trustee Smith inquired as to the rate of interest the City would have to pay? Engineer Leonard answered probably about 4½%.

Mr. Earl Conner addressed the Council stating that as he recalled many of the people voted the bonds with the understanding that the City was to go into the Metropolitan Water District and urged that the money be raised to get in now.

After some discussion as to the advisability of deferring action, Trustee Nelson stated that possibly ten years hence there would be ways and means devised to get an ample water supply.

Mr. Carl Hyde in the audience called attention to the urgent necessity in his opinion, to get action to be taken toward joining the Metropolitan Water District now, citing many benefits to be derived from becoming a member and pointing out the danger through loss of industries in case action was deferred.

After much discussion Trustee Smith suggested that if each member of the Council would express his views it would probably clarify the question.

Trustee Steiner expressed himself as in favor of calling the election thus giving the voters an opportunity to decide the question.

Mayor Dennis stated that he had always advocated going into the Metropolitan Water District and he was satisfied that we would need a much greater supply of water than we have available; that while he was not sure the election would carry, if it fails, in his opinion, it would be a long time before it could be called again.

Trustee Bell stated that in his opinion, the voters of the City should have a chance to express themselves.

Trustee Smith stated that if there was a possibility of jeopardizing the interests of the City in case the election was not called, he believed the voters should be given an opportunity to express their wish in the matter.

Attorney Briney read:

RESOLUTION NO. 486.

CALLING A SPECIAL ELECTION TO BE HELD IN THE CITY OF TORRANCE, FEBRUARY 21ST., 1931, FOR THE PURPOSE OF SUBMITTING THE PROPOSITION OF WHETHER OR NOT THE CITY OF TORRANCE SHALL BE ANNEXED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA.

Trustee Bell moved that Resolution No. 486 be adopted.

Trustee Smith seconded the motion, which was duly carried by the following roll call vote:

AYES:	TRUSTEES:	Bell, Smith, Steiner and Dennis.
NOES:	"	Nelson.
ABSENT:	"	None.

The meeting adjourned at 10:20 P. M.

A. H. Baur
City Clerk of the City of Torrance

Approved:

John Dennis
Mayor of the City of Torrance.